

May 27, 2021

Quant Pick – Muthoot Finance

Quant Pick					
Stock	Action	Initiation Range	Target	Stop loss	Time Frame
Muthoot Finance	Buy	1260-1285	1490	1160	3 Months

Derivatives Strategy

Underlying	Action
Bank Nifty	Buy

Duration : 1-2 months

Click here to see [open calls](#)

Quant (Derivatives) Pick

Underlying	Action
ACC	Buy
Axis Bank	Buy
HDFC	Buy

Duration : 1-3 months

Click here to see [open calls](#)

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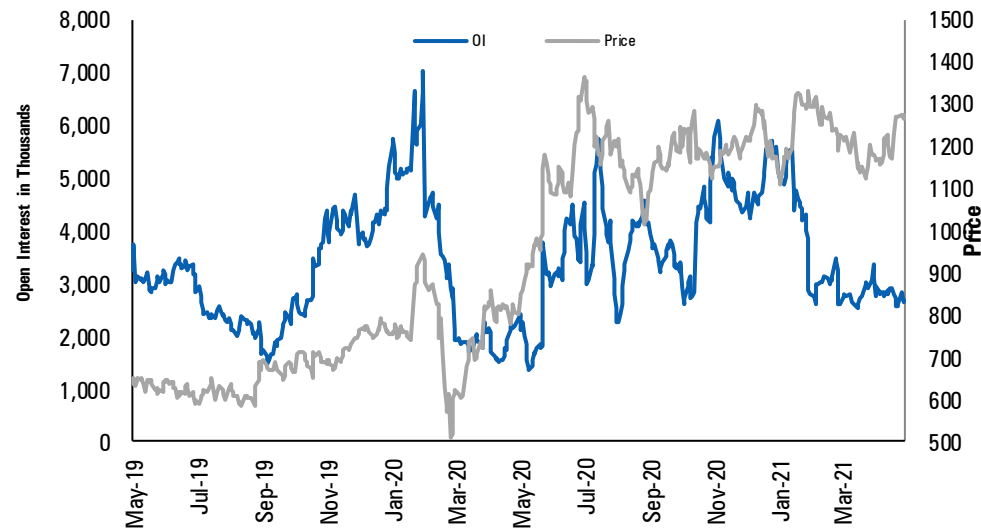
Buy Muthoot Finance in range of ₹ 1260-1285;
Target: ₹ 1490; Stop Loss: ₹ 1160; Time frame: Three months

Snapshot

Spot Price	1267.00
Beta	0.97
12M Avg Price (₹)	1164.0
3M Avg Roll (%)	85.0%
HV 30 Day (% Annualised)	45.00

Price vs. open interest pattern

Fresh accumulation likely to provide up move



Source: NSE, Seediff, ICICI Direct Research

May 27, 2021

- Safe haven assets like gold have started recovering in recent days. They are likely to continue their positive momentum. It has also led to continuous accumulation in stocks like Muthoot Finance. We believe the ongoing consolidation in the stock is a buying opportunity. It is likely to move towards its life-time highs once again
- On the F&O front, leveraged positions in the stock have declined considerably in the last four months as the stock price remained subdued and was unable to perform in line with the market. Despite sharp closure, the stock has been able to surpass its trading range, indicating prevailing positive bias in the stock. We believe fresh addition in the stock will trigger another round of up move in it
- On the options front, after significant writing was seen in 1240 Call, the highest Call OI base is at 1300 strike followed by 1400 for June series. However, closure is visible at ATM Call strikes of 1220 and 1240 strikes. With initial sign of closure among Call writers, we expect the stock to be well placed to test its Call base in the June series. On the other hand, significant Put OI was seen in 1200 strikes that should act as support on downsides
- The stock may see a pick-up in the uptrend after remaining in the range of ₹ 1120-1240 for more than three months. It has been holding above the crucial level of ₹ 1200-1240. Now, momentum may return in the stock as long positions have started adding up
- Since April 2021, the stock has taken support near ₹ 1120-1150 levels on multiple instances. Also, looking at the significant delivery volume activity around these levels in April-May 2021, delivery volumes were noteworthy. These levels seem very crucial. In such a scenario, the positive bias may continue in the stock till these levels are held
- Note: Call has been initiated on iClick2Gain on May 26, 2021

Derivatives Strategies: Open recommendations

Date	Scrip	Action	Recommendation
26-May-21	Bank Nifty	Sell	Positional Option: Sell Bank Nifty May 34500 Put at 90-100, Target: 2, Stop-loss: 198, Time-frame: till May expiry.

[Back](#)

Source: Bloomberg, ICICI Direct Research

May 27, 2021

Date	Scrp	Action	Buy Price	Target	SL	CMP	%Ret	Time Frame
6-May-21	Axis Bank	Buy	700-717	840	635	735	3.8%	3 months
10-May-21	HDFC	Buy	2525-2565	2950	2348	2560	0.8%	3 months
17-May-21	ACC	Buy	1860-1890	2190	1690	1983	4.9%	3 months
18-May-21	BEL	Buy	151-154	180	137.5	148	-3.0%	3 months
21-May-21	L&T	Buy	1400-1422	1610	1467	1473	3.7%	3 months
24-May-21	Lupin	Buy	1200-1225	1430	1098	1194	-1.6%	3 months
26-May-21	Muthoot Finance	Buy	1260-1285	1490	1160	1250	-1.7%	3 months

[Back](#)

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Source: Bloomberg, ICICI Direct Research

May 27, 2021

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6

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